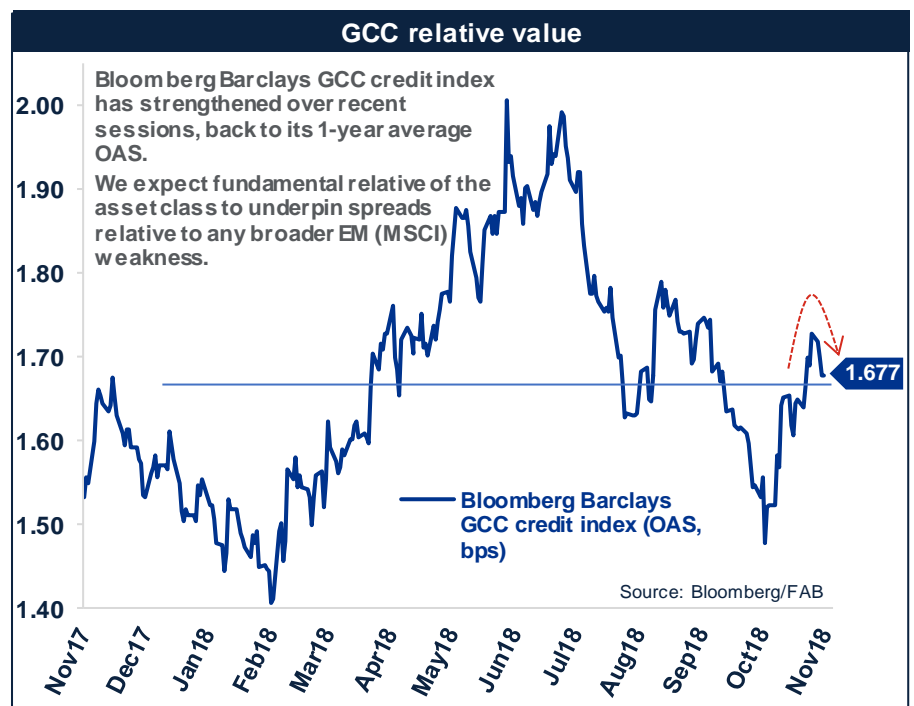


Daily Market Chatter

Macro Strategy View: Month-end support

- Asian markets' opening salvo for November has been largely positive in tone with the Hang Seng and Shanghai Shenzhen 300 both rallying by around 1.00%-1.50% in early Thursday trading. Japan has been the laggard (again) though; the Nikkei is currently 1.06% lower, with weakness attributed to perceived pricing pressures the telecoms sector. Looking ahead, there will be plenty of event risk on the road ahead – certainly not a time for complacency we'd suggest.
- Such a backdrop though should prove supportive for the GCC credit space as we head into the weekend, helping the Bloomberg Barclays credit index add to the small tightening gains made over the past week. The spread on the index has nudged tighter by 5bps over the past 3 sessions. At an OAS of 168bps the index now sits bang on top of its 1-year average, having traded a 140bps-200bps range over the past 12 months.



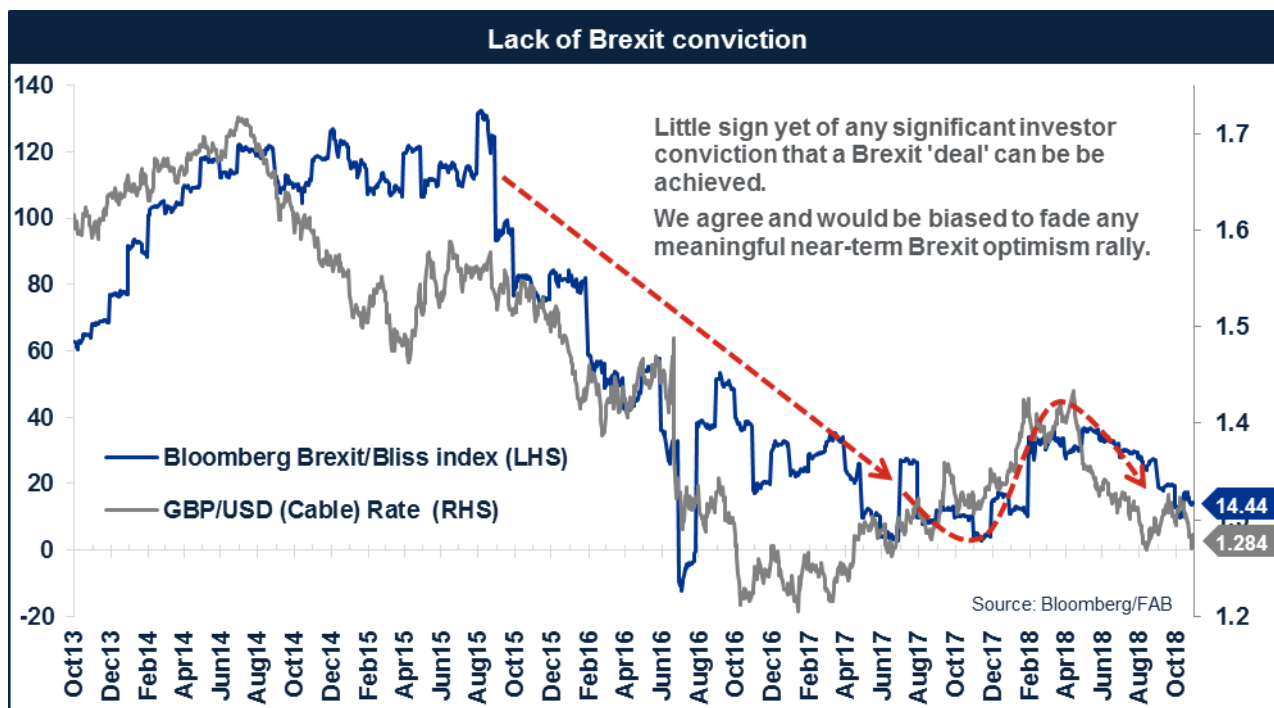
- Meanwhile, for investors with U.K. risk asset exposure we continue to advocate a net defensive stance toward Brexit. Optimistic headlines over the past 24hrs or so suggesting that the U.K. has reached a deal with the EU on U.K. banks' access to the EU post-Brexit have been a fillip for GBP. Sentiment has also been buoyed by a letter published on Wednesday from U.K. Brexit secretary Raab suggesting that 'a great deal of progress' has been made in negotiations and that a divorce deal could be finalized by the end of this month.

1st November 2018

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 Macro Strategist

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- This said, such have been the skeptical retorts from other U.K. and EU officials with the regard to the chances of a deal being struck that we would take such optimism with a pinch of salt for now. Moreover, even if the U.K. manages to arrive at a 'deal' with the EU, the terms will then have to be approved by parliament, a task that may still be Herculean given the disparate and often wrathful nature of opinion across the U.K. political parties.



- Short-term market focus however, may be more on the U.S. with the October non-farm payroll report scheduled for release tomorrow and then the mid-term elections next Tuesday (6th). Consensus is for a headline +200,000 jobs number tomorrow, a rebound from the +134k in the prior month, but while such a result may help to buoy the Fed's tightening credentials, we believe that the hourly earnings (wage inflation or lack thereof) data could be far more important in this respect.
- The greater market reaction could result from the mid-terms on Tuesday though, depending on whether Trumps' hands are strengthened or shackled by voters. The Senate should be safe Trump/Republican territory, but early polls suggest a closer race for the House (Congress). If the Democrats do take Congress we would expect investor sentiment and (U.S.) risk appetite to be dented, with Trump's fiscal stimulus and 'make America great again' initiatives being stymied. Bon weekend.

Continued...

Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	2.98%	+1.9	+3.5	+1.4	+95.7	+76.9
10Y	3.14%	+2.1	+4.0	+6.0	+77.1	+73.9
30Y	3.39%	+2.6	+6.0	+15.6	+53.3	+65.1

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	312.6	+1.6	+3.5	+4.5	+103.5	+88.2
10Y	321.0	+1.9	+3.6	+7.4	+85.6	+81.2
30Y	327.2	+3.0	+2.7	+12.7	+69.4	+73.5

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1312	-0.29%	-0.70%	-2.30%	-2.64%	-5.77%
GBP USD	1.2766	+0.47%	-0.89%	-2.12%	-3.62%	-5.53%
USD JPY	112.94	-0.17%	+0.61%	-0.87%	-1.09%	+0.22%

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	5.5829	+1.96%	-2.10%	-6.01%	+46.42%	+46.99%
USD INR	73.9550	+0.38%	+0.93%	+1.43%	+14.49%	+15.79%
USD IDR	15,203.0	-0.14%	+0.10%	+1.96%	+11.95%	+12.16%

Source: Bloomberg

MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	407.8	-4.4	-4.0	+22.4	+84.3	+79.2
Sovx CEEMEA	94.1	+1.4	-2.2	+7.8	+51.0	+61.4
Itrax Xover	298.0	-4.8	-1.9	+26.2	+74.8	+64.7

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	67.9	-0.1	+0.4	+6.6	+9.1	+6.3
Kuwait 5Y	64.8	-3.1	-3.2	-2.2	+4.9	+0.8
Dubai 5Y	120.6	+0.0	-7.4	-0.7	-10.4	-1.8

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	71.8	-0.4	-4.1	+3.2	-29.4	-29.2
KSA 5Y	91.4	+1.7	+1.3	+22.4	+9.7	-0.3
Bahrain 5Y	283.9	-4.7	+3.8	-8.0	+43.8	+7.4

Source: Bloomberg

Major Commodities Prices

Commodities	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	65.31	-1.31%	-2.26%	-13.27%	+20.28%	+8.09%
Brent Oil \$/bbl	75.04	-1.15%	-1.48%	-11.70%	+24.05%	+12.22%
Gold spot \$/oz	1,214.8	-0.67%	-1.54%	+2.17%	-4.70%	-6.76%
Silver spot \$/Troy oz	14.249	-1.55%	-2.98%	-1.66%	-16.87%	-15.88%
Aluminium 3MO \$	1,953.5	-0.69%	-2.18%	-5.26%	-9.56%	-13.87%
Nickel 3MO \$	11,500	-2.25%	-5.93%	-8.73%	-6.47%	-9.87%
Copper 3MO \$	5,992	-0.66%	-3.03%	-4.25%	-12.38%	-17.32%

Source: Bloomberg

Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	25,116	+0.97%	+2.17%	-5.76%	+7.17%	+1.60%
S&P 500	2,712	+1.09%	+2.09%	-7.28%	+5.13%	+1.43%
Nasdaq Composite	7,306	+2.01%	+2.78%	-9.10%	+8.77%	+5.83%
Nikkei	21,920	+2.16%	-0.77%	-9.59%	-2.23%	-3.71%
Hang Seng	24,980	+1.60%	-1.07%	-10.11%	-12.64%	-16.51%
Shanghai	2,603	+1.35%	-0.02%	-7.75%	-23.36%	-21.30%
Mumbai Sensex	34,442	+1.63%	+1.20%	-5.71%	+2.51%	+1.13%
DAX	11,448	+1.42%	+2.29%	-7.23%	-14.99%	-11.38%
CAC 40	5,093	+2.31%	+2.83%	-7.51%	-7.63%	-4.12%
FTSE 100	7,128	+1.31%	+2.37%	-4.90%	-4.81%	-7.28%
DJ Stoxx 50	3,198	+1.60%	+2.15%	-6.35%	-13.52%	-8.75%
FTSE MIB Index	19,050	+0.27%	+3.06%	-7.57%	-17.14%	-12.83%
SMI Index	9,022	+1.90%	+3.41%	-1.15%	-2.65%	-3.83%
MENA						
Abu Dhabi – ADX	4,902	+0.95%	-0.50%	-1.56%	+9.29%	+11.45%
Dubai – DFM	2,785	+1.50%	+1.70%	-2.28%	-23.39%	-17.37%
Saudi Arabia	7,907	+0.95%	+5.25%	-1.63%	+13.79%	+9.42%
Qatar	10,301	+1.35%	+1.46%	+5.22%	+26.06%	+20.85%
Bahrain	1,315	+0.14%	-0.12%	-1.52%	+2.79%	-1.28%
Kuwait (Premier Market)	5,234	+0.18%	+0.49%	-1.79%	+4.18%	+5.83%
Oman	4,423	+0.05%	-0.89%	-2.54%	-12.40%	-13.26%
Egypt	13,250	+0.73%	+0.03%	-8.28%	-7.19%	-11.78%
Turkey	90,201	+0.22%	-3.50%	-8.46%	-20.19%	-21.79%

Source: Bloomberg

Overnight market headlines

Global News

- US private payrolls rise in October; wages surge in third quarter
- UK, EU agree tentative Brexit deal on financial services, says report
- China Caixin manufacturing gauge shows sluggish growth in October; export orders extend slump
- White House economic adviser Kudlow says more US tariffs on China goods not 'set in stone'; Secretary of State Pompeo says US trying to convince China 'to behave like a normal nation'
- Asia starts new month up on strong Wall Street after brutal October; Pound jumps, while dollar index trade near 16-month high; Oil extends losses near \$65

Middle East & Africa News

- New Saudi budget deficit shrinks as revenues surge
- Bahrain's growth accelerates as non-oil sector blooms
- Mubadala prices \$800m 10-year bond at MS+135bps
- Islamic Development Bank sells €650m 5-year sukuk
- DP World-led JV to develop free trade zone at Indian port
- Egypt to begin huge land plot sales to private firms
- Kenya says 2018/19 foreign borrowing to depend on global financial markets

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